THE KANSAS CITY MAIN STREET RAIL TRANSPORTATION DEVELOPMENT DISTRICT

TDD FUNDING FOR STREETCAR

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THE KANSAS CITY MAIN STREET RAIL TDD
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INTRODUCTION/ADDITIONAL RESOURCES

The downtown starter line between River Market and Union Station, as well as the extension now underway to run from Union Station down Main Street through Union Hill, Midtown and the Plaza to UMKC (51st & Brookside Blvd), both received significant Federal grants toward their development and construction (approx. $37 Million in 2013/2014 for the starter line and approx. $174 Million in 2021 for the extension to UMKC).

The remainder of the costs of development and construction of each phase, as well as annual operations and maintenance, have been or will be paid for with revenue generated by separate Transportation Development Districts (or "TDDs"). The Kansas City Downtown Streetcar TDD (the "Starter Line TDD") was formed for the downtown starter line in 2013 and The Kansas City Main Street Rail TDD (the "Main Street Rail TDD") was formed for the combined starter line and extension in 2017. Funding also includes an annual contribution of $2.039 Million from the City's public mass transit sales tax (which will not increase despite the extension). A second extension from River Market to Berkley Riverfront Park being pursued by Port KC has separate funding. The TDDs are separate entities from the City, which owns the streetcar system, and from the Kansas City Streetcar Authority (the "Streetcar Authority"), which is a nonprofit corporation governed by a citizen board of directors comprised of representatives of residents, businesses and commercial property owners in the TDD and representatives of the City. The purpose of this page is to provide information and resources regarding the TDDs and more particularly, the Main Street Rail TDD.

Questions regarding the Main Street Rail TDD can be sent to MainStreetRailTDD@gmail.com

ADDITIONAL RESOURCES

- Kansas City Streetcar Authority
- Streetcar route and stop locations
- More about the design and engineering process
- Important Notice from the City to Developers with Projects Within the TDDs

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WHAT ARE TDDs

TDDs are formed and exist under the Transportation Development District Act, which is found at 238.200 – 238.280, RSMo. It is formed through an election by voters within its boundary after a Circuit Court has approved the details of the proposed TDD and authorized the formation election. A TDD is a separate political subdivision of the State of Missouri with the power to impose certain taxes, special assessments and fees as are initially proposed in its formation petition to the Circuit Court, but which are imposed only if approved by the voters within the boundary in a second separate election after the formation election. A TDD is governed by its own Board of Directors. As a political subdivision, a TDD is required to have open meetings of its governing body and maintain open records just like a city.

Due to the different methods employed to seek formation of the two TDDs, their respective Boards of Directors are selected differently. The Starter Line TDD was proposed in a Petition filed in the Circuit Court by Kansas City, Missouri and the Port Authority of Kansas City, Missouri (or "Port KC"); its Board of Directors consists of whoever is serving as Mayor of Kansas City and whoever is serving as the Chair of the Board of Commissioners of Port KC, and two more people, one selected by the Kansas City Council and one selected by the Port KC Board of Commissioners. The Main Street Rail TDD was proposed in a Petition filed in the Circuit Court by more than fifty registered voters of Jackson County; its Board of Directors consists of seven individuals who are residents within the boundary and are elected at large by voters within the boundary.

The Directors of the Starter Line TDD are Mayor Lucas (Chair), Phil Glynn (as current Chair of Port KC Board), Matt Staub (City designee) and Lynn Carlton (Port KC Designee). The Directors of the Main Street Rail TDD are Jan Marcason (Chair), Ruben Alonso, Crissy Dastrup, Jeff Krum, David Johnson, Albert Ray and Zac Sweets.

A TDD is almost exclusively a revenue producing entity. It levies taxes and assessments sources, monitors its collection and sees to its use for project purposes. The TDD does not govern or participate in operation of the streetcar. Decisions regarding streetcar operations are made by the Streetcar Authority in consultation with the City.

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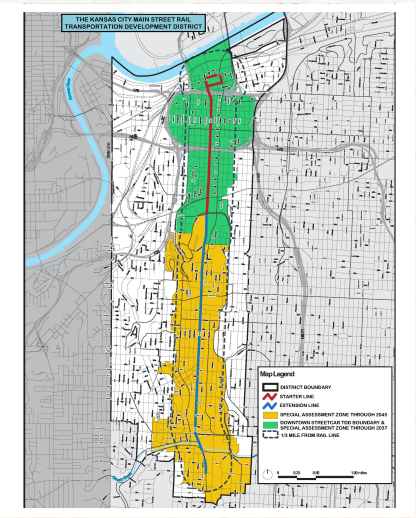
BOUNDARIES OF THE TWO TDDS

The Main Street Rail TDD is larger than the Starter Line TDD, and it includes all of the area of the Starter Line TDD. The Starter Line TDD runs (very generally speaking) from River Market between Broadway Bridge and Heart of America Bridge, south into the entire Downtown Loop, and then between Broadway and Locust south from the Loop to 27th Street.

The Main Street Rail TDD runs (very generally speaking) from the Missouri River on the north, south between State Line on the west and Campbell Street on the east to a southern boundary that meanders west to east from 46th Street at State Line to 53rd/54th Streets at the southeast side.

Click on the map below for a high resolution online version showing the boundary of the Main Street Rail TDD (all of the white, green and yellow areas. The online version can be enlarged to see street names. The map also shows the smaller boundary of the Starter Line TDD in green. Owners of real property within the green or yellow areas should be sure to review the SPECIAL ASSESSMENTS section.

The Extension Line TDD is replacing the Starter Line TDD and the two TDDs cannot collect their revenue for the same periods. After a winding down period, the Starter Line TDD will be abolished under a procedure in the TDD Act.



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TDD REVENUE GENERALLY

Each TDD has the authority to impose a sales tax of no more than 1% and certain special assessments against real property, both discussed in more detail in sections below.

In 2019, as positive signals toward a substantial federal grant for the extension were increasing, the Starter Line TDD, the Main Street Rail TDD, the City and the Streetcar Authority entered into an agreement to govern the transition from the Starter Line TDD to the Main Street Rail TDD, including provisions preventing an overlap in revenue collection, use of delayed revenue received by the Starter Line TDD caused by late payments and otherwise outlining the steps toward the eventual termination of the Starter Line TDD.

Following the signing of the $174 million Full Funding Grant Agreement in January, 2021, actions were taken under that Transition Agreement to end collection of the Starter Line TDD's 1% sales tax on June 30, 2021 and begin collection of the Main Street Rail TDD's 1% sales tax on July 1, 2021. Similarly, the Main Street Rail TDD's special assessments will start in 2021, and the Starter Line TDD will no longer impose its special assessments. Until the Starter Line TDD is terminated, it is obligated to turn over to the Starter Line TDD all of its revenue from late payments of sales taxes for periods prior to July 1, 2021 and late payments of special assessments for years prior to 2021.

Use of the revenue of the Main Street Rail TDD is governed by an Intergovernmental Cooperative Agreement among the Main Street Rail TDD, the Streetcar Authority and the City that was entered into in 2019, to become effective upon the transition from one TDD to the other (the "Cooperative Agreement"). The Cooperative Agreement is substantially similar to a counterpart that was in place between the Starter Line TDD, the City and the Streetcar Authority. The Cooperative Agreement aggregates revenue intended for the streetcar project and assures the use of that money (derived from the Main Street Rail TDD's revenue, the City's annual $2.039 million contribution from the public mass transit tax and other miscellaneous revenue, in addition to federal grant funds) to pay the City's debt service on financing for the project, fund the operating budget of the system and of the Streetcar Authority, pay the operating costs of the Main Street Rail TDD and maintain significant reserve accounts (already fully funded) to meet unusual needs or variations in revenue.

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TDD SALES TAX

A TDD's sales tax extends throughout the entire boundary of that TDD. It is collected at the point of sale and remitted to the Department of Revenue like all other sales taxes. It applies to all taxable retail sales made within, and only within, the boundary of the TDD, except it does not apply to the sale or use of motor vehicles, trailers, boats or outboard motors nor to all sales of electricity or electrical current, water and gas, natural or artificial, nor to sales of service to telephone subscribers, either local or long distance. The sales tax rate in either TDD is 1%.

The Starter Line TDD began collecting its 1% sales tax within its boundary (the green area on the **map**) in 2013. When collection of that sales tax ends as now anticipated on June 30, 2021, the Main Street Rail TDD's 1% sales tax will begin to be collected on July 1, 2021 throughout the entire boundary of the Main Street Rail TDD (the white, green and yellow areas on the **map**) and last for thirty (30) years. As previously noted, the two sales taxes will not be collected at the same time.

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TDD SPECIAL ASSESSMENTS

The Starter Line TDD has been levying special assessments throughout its entire boundary (the green area on the **map**) since 2013, and like the sales tax, the intention is for the Main Street Rail TDD to begin levying the special assessments starting in 2021, and the Starter Line TDD would no longer levy those assessments after 2020. The amount of the special assessment is explained under **TDD SPECIAL ASSESSMENT CALCULATOR**, where there is a link to an Assessment Calculator.

The special assessments of the Main Street Rail TDD will be levied on real property located within the green or yellow areas on the **map**. The special assessments will last for 25 years. In the yellow area, the 25 years will begin with 2021 assuming the transition occurs as currently expected; for the green area, the 25 year period began with 2013 and will end in 2037 (25 years after 2013). The special assessment formulas and rates are the same in the two TDDs, but like the sales tax, will not overlap in time.

There are two separate special assessments, a primary special assessment based on the appraised market value of the real property according to Jackson County, Missouri, and a supplemental special assessment against commercial surface pay parking lots. The special assessments apply only to real property within a certain proximity to the actual rail line (the green and yellow areas on the **map**). These special assessments are billed annually, and are included on the County Consolidated Tax and Assessment Bill that is due at the end of each year.

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TDD SPECIAL ASSESSMENT CALCULATOR

Property Owners in the green or yellow areas on the **map** can use this **Assessment Calculator**. Just enter your property's County-determined market value in the appropriate section (commercial or residential). **You can look up your property's market value here**. The formula for the primary special assessment varies for commercial, residential and nonprofit-owned properties. **Click here for a more detailed explanation** of the structure and formula of the primary special assessment.

As examples, a commercial property with a market value according to the County of $1 Million would have an assessment of $1,536 for the year (effective rate 0.1536%); a residential property (including single family homes, condo units and apartment buildings) with a market value of $250,000 would have an assessment of $332.50 for the year (effective rate 0.133%); non-profit properties are only assessed by the TDD over a floor value of $300,000 per parcel and pay a lesser rate.

Property used as a commercial surface pay parking lot is assessed $54.75/year for each surface pay parking space subject to the supplemental assessment. This applies only to actual surface pay lot businesses. It does not apply to any garage parking nor does it apply to surface employee or parking lots in the vicinity off and owned by such business or institution or an affiliate. Almost all of the commercial pay parking spaces are in or around downtown. Since 2013, several surface pay parking lots have seen new development, and revenue from this supplemental assessment has declined. This was consistent with the original financial projections that anticipated this component would decline.

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SPECIAL ASSESSMENT FORMULA DETAILS

COMMERCIAL - $0.48 PER $100 OF TDD COMMERCIAL ASSESSABLE VALUE

County Market Value x 0.32 = TDD Commercial Assessable Value

(TDD Commercial Assessable Value / 100) x $0.48 = TDD Commercial Special Assessment

Example: If County Market Value of commercial property is $1,000,000: $1,000,000 x .0032 = $3,200; $3,200 x $0.48 = $1,536

RESIDENTIAL - $0.70 PER $100 OF TDD RESIDENTIAL ASSESSABLE VALUE

County Market Value x 0.19 = TDD Residential Assessable Value

(TDD Residential Assessable Value / 100 x $0.70) = TDD Residential Special Assessment

Example: If County Market Value of residential property is $200,000: $200,000 x .0019 = $380; $380 x $0.70 = $266

NONPROFIT PROPERTY – $0.40 PER $100 OF TDD NONPROFIT VALUE

Same as Commercial or Residential Property, EXCEPT (1) at the start of the formula, subtract $300,000 from the County Market Value (i.e., the first $300,000 of market value does not get charged), and (2) the ratio (32% v 19%) depends on whether the property is classified by the County as commercial or residential. There is a $300,000 floor for market value before the special assessment applies. The floor is available for each tax parcel.

(County Market Value - $300,000) x 0.32 or 0.19 = TDD Nonprofit Assessable Value

(TDD Nonprofit Assessable Value / 100) x $0.40 = TDD Nonprofit Special Assessment

Example: If County Market Value of exempt *commercial* property is $500,000: ($500,000 - $300,000) x .0032 = $640; $640 x $0.40 = $256

Example: If County Market Value of exempt *residential* property is $500,000: ($500,000 - $300,000) x .0019 = $380; $380 x $0.40 = $152

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[1] The TDD uses County Market Value as the formula's starting point regardless of whether the property is subject to tax abatement, TIF or other property tax incentive. The property tax incentive does not reduce or affect the TDD assessment

[2] Depending on whether property is classified by County as commercial or residential